SANASTERA S.p.A.

Consolidated Financial Statements
as at December, 31st 2013

SANASTERA S.p.A.

DOMICILED IN BOLOGNA
SHARE CAPITAL EUROS 282.865.000
COMMERCIAL REGISTER NUMBER AND FISCAL CODE 02755811201
REGISTERED AT N.464697 OF R.E.A. OF BOLOGNA

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet € / 000	Note	As at 31 December 2013	As at 31 December 2012
Assets			
Non-current assets			
Intangible assets	**1**	15.315	17.929
Goodwill	**1**	791	16.809
Property, plant and equipment	**2**	199.286	196.850
Equity investments	**3**	1.583	1.583
Deferred Income tax assets	**4**	8.617	8.895
Other non-current assets	**5**	28.933	25.358
		254.525	**267.424**
Current assets			
Inventories	**6**	539.683	559.847
Trade receivables	**7**	721.316	620.619
Financial assets at fair value through profit or loss	**8**	107.668	117.055
Other current assets	**9**	59.069	52.262
Cash and cash equivalents	**10**	1.414	957
		1.429.150	**1.350.740**
Total assets		**1.683.675**	**1.618.164**
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	**11**	282.865	282.865
Share premium	**11**	132.518	132.518
Legal reserve	**11**	56.573	56.573
Other reserves	**11**	45.313	38.440
Available for sale investments	**11**	496	495
Cash flow hedge	**11**	(4.265)	(7.165)
Profit for the period		8.942	30.564
		522.442	**534.290**
Minority interest in equity		**(5)**	**(4)**
Total Equity		**522.437**	**534.286**
Liabilities			
Non-current liabilities			
Borrowings	**12**	24.826	50.023
Derivative financial instruments	**12**	7.035	11.551
Deferred income tax liabilities	**13**	1.149	690
Retirement benefit obligations	**14**	74.058	67.762
Provisions for other liabilities and charges	**15**	11.438	13.186
		118.506	**143.212**
Current liabilities			
Trade payables	**16**	456.144	444.384
Current income tax liabilities	**17**	2.278	2.426
Borrowings	**12**	260.031	187.864
Other liabilities and charges	**18**	324.279	305.992
		1.042.732	**940.666**
Total liabilities		**1.161.238**	**1.083.878**
Total equity and liabilities		**1.683.675**	**1.618.164**

Consolidated Statement of comprehensive income € / 000	Note	Year ended 31 December 2013	Year ended 31 December 2012
Revenue			
Sales revenue	**19**	7.468.698	7.347.203
Other operating income	**20**	83.576	73.403
		7.552.274	**7.420.606**
Cost of raw materials, supplies and merchandise	**21**	**7.112.491**	**6.952.460**
Gross profit		**439.783**	**468.146**
Personnel expenses			
Wages and salaries	**22**	164.890	168.648
Social security, retirement benefits and other benefits	**22**	53.592	53.822
		218.482	**222.470**
Other operating expenses	**23**	**147.536**	**148.064**
Gross Operating Margin		**73.765**	**97.612**
Amortization and depreciation	**24**	**48.261**	**40.586**
Operating Profit		**25.504**	**57.026**
Income from equity investments	**25**	18	9
Finance income	**25**	5.910	7.470
Finance costs	**25**	(8.691)	(9.657)
Financial result		**(2.763)**	**(2.178)**
Profit before income tax		**22.741**	**54.848**
Income tax expense	**26**	**13.800**	**24.285**
Profit for the year		**8.941**	**30.563**
Attributable to:			
Shareholders of the Company		8.942	30.564
Minority interest		(1)	(1)
		8.941	**30.563**
Earnings per shares for profit attributable to the Shareholders of the Company			
- basic	**27**	**3,161**	**10,805**
- diluted	**27**	**3,161**	**10,805**
Profit for the year		**8.941**	**30.563**
Other comprehensive income:			
Changes in the fair value of available-for-sale equity investments	**11**	1	18
Fair value losses of the derivatives designated as hedging instruments	**11**	2.900	(771)
Other comprehensive income	**11**	(4.291)	(7.517)
Other comprehensive income for the year, net of tax		**(1.390)**	**(8.270)**
Total comprehensive income for the year		**7.551**	**22.293**
Attributable to:			
Shareholders of the Company		7.551	22.295
Minority interest		-	(2)
		7.551	**22.293**

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Changes in Equity

€ / 000	Share Capital	Share Premium	Legal Reserve	Other reserves	Available for sale equity investments	Cash flow hedge	Group's Profit for the period	Equity of the Group	Minority interest	Minority Profit for the period	Equity of the Minor	Total Equity
December, 31st 2011	*282.865*	*132.518*	*56.573*	*52.082*	*477*	*(6.394)*	*13.325*	***531.446***	*1*	*(2)*	*(1)*	***531.445***
Profit for the period 2011 allocation - May, 23rd 2012				13.325			(13.325)	**-**	(2)	2	-	**-**
Dividends distribution - May, 23rd 2012				(19.450)				**(19.450)**			-	**(19.450)**
Changes in the fair value of available-for-sale equity investments					18			**18**			-	**18**
Fair value losses of the derivatives designated as hedging instruments (*)						(771)		**(771)**				**(771)**
Other changes (*)				(7.517)				**(7.517)**	(2)		(2)	**(7.519)**
Profit for the period 2012							30.564	**30.564**		(1)	(1)	**30.563**
December, 31st 2012	*282.865*	*132.518*	*56.573*	*38.440*	*495*	*(7.165)*	*30.564*	***534.290***	*(3)*	*(1)*	*(4)*	***534.286***
Profit for the period 2012 allocation - May, 13th 2013				30.564			(30.564)	**-**	(1)	1	-	**-**
Dividends distribution - May, 13th 2013				(19.400)				**(19.400)**			-	**(19.400)**
Changes in the fair value of available-for-sale equity investments					1			**1**			-	**1**
Fair value losses of the derivatives designated as hedging instruments (*)						2.900		**2.900**				**2.900**
Other changes (*)				(4.291)				**(4.291)**			-	**(4.291)**
Profit for the period 2013							8.942	**8.942**		(1)	(1)	**8.941**
December, 31st 2013	*282.865*	*132.518*	*56.573*	*45.313*	*496*	*(4.265)*	*8.942*	***522.442***	*(4)*	*(1)*	*(5)*	***522.437***

(*) Net of deferred tax

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Consolidated Cash Flow Statement € / 000	Note	Year ended 31, December 2013	Year ended 31, December 2012
Operating Profit		**25.504**	**57.026**
Income from investments		18	9
Finance income		5.910	7.470
Finance costs		(8.691)	(9.657)
Income tax expense		(13.800)	(24.285)
Profit for the year		**8.941**	**30.563**
Amortization and depreciation expense		48.261	40.586
Changes in provisions		(2.516)	9.275
Gain/loss on the disposal of non-current assets		(465)	(33)
Changes in inventories		20.164	(39.113)
Changes in trade receivables and other assets		(107.504)	92.281
Changes in trade payables and other liabilities		29.899	(58.412)
Other non-cash changes in liabilities		414	(6.837)
Cash flows from operating activities	**28**	**(2.806)**	**68.310**
Cash receipts from the disposal of non-current assets (residual carrying amount of disposal increased by gains and reduced by losses on the disposal of the assets)		1.754	4.799
Cash paid/get to acquire intangible assets		(3.594)	(3.141)
Cash paid to acquire property, plant and equipment		(27.605)	(32.099)
Cash paid to acquire financial assets		(4.260)	(868)
Cash flows from investing activities	**29**	**(33.705)**	**(31.309)**
Cash receipts from borrowing		61.594	(3.457)
Cash paid to shareholders (dividends, repayment of capital, other distributions)		(19.400)	(19.450)
Cash paid for the repayment of loans		(5.226)	(14.273)
Net cash used in financing activities	**30**	**36.968**	**(37.180)**
Net increase/decrease in cash and cash equivalents		**457**	**(179)**
Cash and cash equivalents at beginning of period		957	1.136
Cash and cash equivalents at end of period	**31**	**1.414**	**957**

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Reconciliation of consolidated equity € / 000	Profit for the year		Equity	
	2013	**2012**	**2013**	**2012**
Equity and Profit for the year of SANASTERA S.p.A.	**(16.840)**	**19.420**	**455.159**	**491.399**
Equity and Profit for the year of consolidated companies net of the share attributable of Minority interest	9.550	31.144	502.845	514.685
Carrying amounts of consolidated investments			(471.794)	(471.794)
Consolidation adjustments:				
Dividends	(20.000)	(20.000)		
Equity investment depreciation	36.232		36.232	
Equity and Profit for the year attributable to equity holders of SANASTERA S.p.A.	8.942	30.564	522.442	534.290
Equity and Profit for the year attributable to Minority Interest	(1)	(1)	(5)	(4)
Equity and Profit for the year of the consolidated financial statements	**8.941**	**30.563**	**522.437**	**534.286**

SANASTERA GROUP

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER, 31ST 2013

Contents

A. General information

Sanastera S.p.A. (hereinafter “Sanastera” or the “Company”) has been incorporated as limited liability company on May 25th, 2007 with a cash contribution of 10 thousand of Euro, and it is domiciled in Italy. The address of its registered office is Piazza Galvani 3, Bologna, Italy.
The Company is not listed on the stock exchange.

The shareholders of Sanastera are the following:

Firm Name	Interest in Sanastera	Domicile
Sanacorp Pharmaholding AG	50 %	Planegg, Germany
Astera S.A.	50 %	France, Rouen

On November 28, 2007 a capital increase has been successfully completed; the share capital of Sanastera was increased from € 10.000 to € 50.000.000 with a capital surplus amounting to € 421.171.546 (total equity increase amounting to € 471.171.546) through the contribution in kind of the investments in the following subsidiaries, accounted for the following amounts (on a predecessor basis value) in Sanastera statutory financials:

1. CERP Rouen SAS (Rouen – France) € 141.427.427
2. Sanacorp Pharmahandel GmbH (Plannegg – Germany) € 329.734.119

The contribution reports, written by an independent auditor, estimated an equity value of each investment of € 350.000.000 for a total amount of € 700.000.000.

On January 10, 2008 a second capital increase has been successfully completed through a re-allocation of reserves; the share capital of Sanastera was increased from € 50.000.000 to € 282.865.000 through the allocation of share premium reserve for an amount of € 232.865.000.

The core business of Sanastera S.p.A. is the acquisition and management of interests in companies involved in the activities of wholesale pharmaceutical and para-pharmaceutical goods.

Both subsidiaries companies are mainly involved in the business of wholesale pharmaceuticals and para-pharmaceutical and produce goods and supply services in the same business area.

These Group Consolidated Financial Statements were authorised for issue by the Board of Directors on April 8th, 2014, in order to be approved by the Supervisory Board on May 7th 2014.

B. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Sanastera S.p.A. and its subsidiaries (“Sanastera Group” or the “ Group”) have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the paragraph *Critical accounting estimates and judgements*.

Standards, amendments and interpretations to existing standards effective after 2013 that have not been early adopted by the Group

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
The amendment refer to the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. It will not affect the Group’s financial position, cash flows and profit or loss.
Earlier application is permitted for periods when the entity has already applied IFRS 13. The application of this amendment will result in an expanded disclosure in the Notes to the Consolidated financial statements in case of impairment based on fair value less cost of disposal.

IAS 39 – Financial Instruments: Recognition and Measurement entitled “Novation of Derivatives and Continuation of Hedge Accounting”.
The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 - Financial Instruments. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. It will not affect the Group’s financial position, cash flows and profit or loss.

IFRS 10 Consolidated Financial Statements
The standard outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.
IFRS 10 will apply to financial years beginning on or after 1 January 2014. It will not affect the Group’s financial position, cash flows and profit or loss.

IFRS 12 Disclosure of Interests in Other Entities
It is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives.
IFRS 12 will apply to financial years beginning on or after 1 January 2014. It will not affect the Group’s financial position, cash flows and profit or loss.

IAS 27 Consolidated and Separate Financial Statements
The standard outlines when an entity must consolidate another entity, how to account for a change in ownership interest, how to prepare separate financial statements, and related disclosures. Consolidation is based on the concept of 'control' and changes in ownership interests while control is maintained are accounted for as transactions between owners as owners in equity.
IAS 27 will apply to financial years beginning on or after 1 January 2014. It will not affect the Group’s financial position, cash flows and profit or loss.

IFRS 10 – Consolidated Financial Statements will replace SIC-12 – Consolidation: Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (which has been

renamed IAS 27 – Separate Financial Statements and addresses the accounting treatment of investments in separate financial statements).
The new standard builds on existing principles by identifying a single control model applicable to all entities, including "structured entities". The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 – Joint Arrangements supersedes IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities: Non-monetary Contributions by Venturers.
The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively, at the latest for annual periods beginning on or after 1 January 2014. Following the issue of the new standard, IAS 28 – Investments in Associates has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard).

IFRS 12 – Disclosure of Interests in Other Entities
It is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The application of the new standard will result in expanded disclosure in the Notes to the Consolidated financial statements.

IFRS 1 – Government Loans
The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards would require that first-time adopters apply this requirement in IAS 20 prospectively to loans entered into on or after the date of transition to IFRSs. However, if an entity obtained the information necessary to apply the requirements to a government loan as a result of a past transaction at the time of initially accounting for that loan, then it may choose to apply IAS 20 retrospectively to that loan.

Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

As mentioned above, Sanastera S.p.A. is a joint venture company formed in 2007, through the contribution in kind of the investments in the following subsidiaries, which have been accounted for the following amounts (on a predecessor basis value) in Sanastera statutory financials:

1.	CERP Rouen SAS (Rouen – France)	€ 141.427.427
2.	Sanacorp Pharmahandel GmbH (Planneg – Germany)	€ 329.734.119

The contribution reports, written by an independent auditor estimated an equity value of each investment of € 350.000.000 for a total amount of € 700.000.000.

The formation of a joint venture is a transaction which is out of scope of IFRS 3 – Business Combination. As consequence, under IAS 8 the Company had to select a proper accounting policy in order to account for the above mentioned transaction. Following the document Assirevi OPI 1, which deals with transactions between entities under common control, and considering that it is not immediately evident that the transaction will produce a significant impact on the cash flows of the entities involved before and soon after it, the formation of the joint venture has been accounted for on a predecessor basis values. Thus the carrying amounts of assets and liabilities previously booked in the financial statements of the companies that contributed their businesses to the joint venture through the contribution in kind mentioned above, have been used to account for the "acquisition" of the two subsidiaries by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Where the Group, disregarding the percentage of shareholding, does not have the possibility to exercise a significant influence over an associate, the latter is accounting for under IAS 39.

Sanastera Group comprises Sanacorp Subgroup (Germany), where Sanacorp Pharmahandel Gmbh is the parent company, and Cerp Rouen Subgroup (France), where Cerp Rouen Sas is the parent company.

Sanacorp Pharmahandel GmbH, Planegg - Germany, holds the following subsidiaries:

Firm Name	Domicile	Share in capital
Richard A. L. Witt GmbH	Germany, Planegg	100%
Eurodepot GmbH	Germany, Planegg	100%

CERP Rouen Sas, Rouen - France, holds the following subsidiaries:

Firm Name	Domicile	Share in capital
Sobedip SA	Belgium, Brussels	99,99%
CERP SA	Belgium, Brussels	99,99%
Les Pharmaciens Associés SA	Belgium, Brussels	99,80%

At the end of the reporting period, the number of companies consolidated in the subgroup changed as compared to the previous year's financial statements. Sodiphar Sarl was liquidated on December 6th 2013, and the liquidation has no impact on the Equity of the Group.

Intangible assets

After its initial recognition, an internally generated intangible asset, like a separately acquired intangible asset, is to be recognised at cost less any accumulated amortisation and accumulated impairment losses.

Research expense is recognised in the profit or loss in the period in which it arises.

An intangible asset arising from internal development is recognised if, and only if, all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above. If no internally generated intangible asset can be recognised, the development expenditure is to be recognised as profit or loss in the period in which it was incurred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation.

Construction in progress for the purpose of production, lease or administrative or any other as yet undefined purpose are recognised at cost less any impairment. Cost includes fees for purchased services. Depreciation of such an asset follows the same principles as those applied to comparable other items of property, plant and equipment and begins as soon as it is completed or operates in the manner intended.

The depreciable amount of an asset, except for land or construction in progress, is allocated on a systematic basis over its expected useful life.

The assets useful lives are reviewed, and adjusted if appropriate, at each balance sheet date:

Type of assets	Expected useful life
Buildings	25 to 33 years
Hereditary building rights	50 years
Land improvements	10 to 25 years
Structural works	20 to 50 years
Leasehold improvements and finishing works	5 to 33 years
Roofing	10 to 20 years
Fixtures	5 to 15 years
Conveyor belts, order picking machines	8 to 10 years
Equipment & fixtures	3 to 25 years
Operating and office equipment	3 to 13 years
Computer hardware	3 to 10 years

Vehicle fleet	2,5 to 6 years

Gains or losses arising from the sale or retirement of an asset are determined as the difference between the disposal proceeds and the carrying amount of the item. They are recognised in profit or loss.

Low-value assets are fully written off in the year of acquisition. They are recognised as disposals in the statement of changes in non-current assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowances were recognised for inventory risks arising from the range of the product portfolio and the turnover rate of the products.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are recognised separately. The financial instruments are recognised as soon as Sanastera becomes a party to the contractual provisions of the instruments.

Financial instruments are initially recognised at their fair values. For the purpose of measuring the financial instruments after initial recognition they are classified into the categories defined in IAS 39. Transaction costs which are directly attributable to the acquisition or issue of a financial asset are accounted for when determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. If the trade date and the settlement date (i.e. the day of delivery) differ, Sanastera chooses the trade date for the initial recognition and/or de-recognition.

Financial assets

The financial assets mainly comprise trade receivables, receivables from affiliates, receivables from banks, cash in hand, derivative financial assets and marketable securities.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss consist of financial assets held for trading. Financial assets such as interest-bearing securities are classified as held for trading, if they are acquired for the purpose of selling them in the near term.
Derivatives, including embedded derivatives, which were separated from their host contract, are also classified as held for trading, unless they are hedging instruments qualifying for hedge accounting and are effective hedges. Gains or losses on financial assets held for trading are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, checks, bank deposits with original maturity of three months or less. Cash and cash equivalents are identical with the respective item in the consolidated cash flow statement.

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. One example are trade receivables. After their initial recognition, receivables are measured at amortised cost less impairments. Gains and losses are recognised in Group profit, if the receivables are de-recognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale and not classified in one of the above-stated categories. This category includes certain equity instruments.
After their initial recognition available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised directly in equity in the reserve for available-for-sale financial assets. This does not apply, if there is an objective indication that an asset may be impaired or if fair value changes on a debt instrument result from foreign currency fluctuations. The cumulative gains or losses that were recognised in equity are recognised in profit or loss when the financial assets are de-recognised. If a fair value cannot be reliably measured for equity instruments that do not have a quoted market price, they are measured at amortised cost (less impairment losses where applicable). Interest earned on these financial assets is generally recognised as interest income using the effective interest method. Dividends are recognised in profit or loss as soon as there is a legal entitlement to payment.

Impairment of financial assets

By every balance sheet date, the carrying amounts of the financial assets which are not measured at fair value through profit or loss, are assessed to see, whether there is any indication (such as considerable financial difficulties of the debtor, significant changes in the technological, economic, legal and market environment of the debtor) that the asset may be impaired. A sustained or significant decline in the fair value of an equity instrument is an actual indication that the asset may be impaired.

The amount of the impairment of loans and receivables is the difference between the asset's carrying amount and the present value of expected future cash flows (except for future loan losses which have not yet occurred). The impairment is recognised in profit or loss. If the amount of the impairment loss decreases in one of the subsequent reporting periods and if this decrease can be traced to a change that has taken place after the recognition of the impairment loss, the impairment loss recognised in an earlier period is reversed and the reversal is recognised in profit or loss. The impairment of trade receivables is recognised in allowance accounts. Whether a credit risk is recognised in an allowance account or accounted for in an impairment of the receivable, depends on the probability of a credit loss.

If receivables are classified as non-recoverable, the impaired asset is de-recognised.

If an available-for-sale asset is impaired, the amount so far recognised in equity is recognised in profit or loss as the difference between cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Reversals of impairment losses for equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses for debt instruments are recognised in profit or loss, if the increase in the fair value of the instrument can be traced to an event that took place after the asset was recognised in profit or loss.

Financial liabilities

Financial liabilities mainly consist of trade payables, liabilities to banks, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortised cost

After their initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial assets which are measured at fair value through profit or loss include other non-current financial liabilities. Gains or losses on these financial liabilities are recognised in profit or loss.

Leases

Leases are finance leases, if substantially all the risks and rewards incidental to legal ownership are transferred to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount equal to the net investment in the Group's leases. The recognition of finance lease income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.
Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease are
added to the carrying amount of the leased asset and recognised over the lease term on a straight-line
basis.

The Group as lessee
Being the lessee, we recognise finance leases, with substantially all the risks and rewards incidental to legal ownership being transferred to the Group, as assets in the statement of financial position at the inception of the lease. The leased asset is recognised at the lower of fair value or present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is thus allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognised in profit or loss.
The leased assets are depreciated over their useful lives. If there is no reasonable certainty, however, that the Group will obtain ownership by the end of the lease term, the leased asset is depreciated over the shorter of its useful life and the lease term.
Lease payments from operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received or outstanding as an incentive to enter into an operating lease are also depreciated straight-line over the lease term.

Derivative financial instruments and hedging relationships

Due to its activities the Group is exposed to interest rate risks.
Interest-rate swaps were designated by the Group as a hedge of such exposure. Derivative financial instruments were not used for speculative purposes.

Gains or losses arising from a change in the fair value of derivative financial instruments designated as effective cash flow hedges are recognised in equity. The ineffective portion of the instruments is recognised in profit or loss. If cash flow hedges of risks associated with binding commitments or foreseeable transactions result in the recognition of an asset or a liability, the associated gain or loss originally recognised in equity will be included in the initial cost of the asset or the liability.

For an effective hedge of the exposure to changes in fair value the hedged item is adjusted by gains or losses on fair value attributable to the hedged risk and the associated amount is recognised in profit or loss. Gains or losses from re-measuring derivatives or the foreign currency component of the carrying amount for non-derivatives, are recognised in profit or loss.

Gains or losses arising from a change in fair value of derivative financial instruments which do not qualify for hedge accounting are recognised in profit or loss when they are incurred.

Hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting. In this case the cumulative gain or loss on the hedging instrument remains in equity until the forecasted transaction occurs. If we do no longer expect the hedged transaction to occur, the cumulative net gains or losses recognised in equity are reported in profit or loss.

Embedded derivatives or other host contracts are accounted for as separate derivatives if their risks and characteristics are no longer closely related to those of the host contract and the host contracts are not measured at fair value with unrealised gains or losses recognised in profit or loss.

Provisions for pensions and other employee benefits

Pension provisions are measured in accordance with the projected unit credit method. This method is based not only on the pension payments and vested benefits known on the balance sheet date, but also reflects future salary and pension increase prudently including the relevant actuarial assumptions.

The present value of the defined benefit obligation is recognised in the amount defined in the opinion of an actuarial institute less the fair value of plan assets.

The employee benefit obligation recognised is presented as the present value of the defined benefit obligation reduced by past service cost after offsetting it with the fair value of plan assets. Each asset resulting from such a calculation does not exceed past service cost plus the present value of available refunds and the reduction of future contributions to the plan.

Other provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or the amount receivable and is presented as amounts received for services rendered or goods supplied within the normal course of business, less any trade discounts, VAT or other sales-related tax.

Revenue from the sale of goods is recognised upon shipment and after transfer of the risks and rewards of ownership.

Interest income is recognised on an accrual basis taking into account outstanding receivables and the applicable effective interest rate. The effective interest rate is the interest rate, which, when applied, matches the present value of the estimated future cash inflows over the expected useful life of the financial asset with the net carrying amount.

Dividend income from financial investments is recognised as soon as the shareholder is legally entitled to payment.

Cost of retirement benefits

The Sanastera Group uses both defined benefit plans and defined contribution plans.

A defined benefit plan is a pension plan fixing a benefit amount to which an employee is entitled upon retirement and whose amount is determined by various assumptions such as age, years of service and salary.

Defined contribution plans are pension plans under which the subgroup pays fixed contributions into a separate entity. Hence, the Group has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employee benefits.

Accounting for defined benefit plans involves determining the cost of benefits using the projected unit credit method requiring an actuarial valuation at each balance sheet date. Actuarial gains or losses are fully recognised in other comprehensive income in the period in which they are incurred. Past service cost is recognised immediately in the amount in which the benefits have vested or straight-line over the average period until the amended benefits become vested.

Under the defined contribution plan the Group pays contractually agreed contributions into a separate pension fund. The Group has no further obligations to pay any amounts beyond the contributions. The respective contributions are recognised under personnel expenses when they become due.

Government grants

Government grants for property, plant and equipment are deducted from the respective asset reducing depreciation over the expected useful life accordingly. Cost of the respective asset was reduced by the amount of the government grant received.

Impairment of assets

Items of property, plant and equipment and intangible assets are tested for impairment at each reporting date. If any such indication exists the company will have to estimate the recoverable amount of the asset to determine any impairment loss. If the asset does not generate any cash inflows which are independent of other assets, the recoverable amount of the asset will have to be estimated on the basis of the cash generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually irrespective of whether there is any indication that they may be impaired.

The recoverable amount is the higher amount of the fair value less costs to sell and the value in use of an asset. The value in use is determined on the basis of discounted future cash inflows taking as a basis a pre-tax market price equivalent to the time value of money, which reflects the asset risks not yet recognised in the future cash inflows.

If the recoverable amount of an asset (or a cash-generating unit) is lower than its carrying amount it is written down to its recoverable amount. Any impairment loss is to be recognised immediately in profit or loss, unless the asset has been re-valued. In this case the impairment loss is recognised as a reduction of the revaluation reserve.

The carrying amount of the asset (or the cash-generating unit) is increased to the recoverable amount when reversing an impairment loss in a subsequent period; it may however not exceed the carrying amount that would have been determined, had no impairment loss been recognised before. The reversal of the impairment loss is to be recognised immediately in profit or loss, unless it is recognised as a revaluation amount on the basis of another IFRS standard.

Borrowing costs

Borrowing costs are recognised in the period in which they are incurred.

Taxes on income

The current income tax charge is calculated on the basis of the tax law enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income.

Tax expense is the aggregate amount of current and deferred income tax.

Current tax is based on the taxable profit for a year. Taxable profit differs from accounting profit as it excludes taxable or deductible items in other years or non-taxable or non-deductible items. The Group's current tax expense is calculated by using the tax rates applicable or fixed by the balance sheet date.

Deferred taxes are the amounts of income taxes payable or recoverable in future periods resulting from the difference between the carrying amounts of the assets and liabilities in the balance sheet and the tax base used to calculate taxable profit. They are recognised using the asset/liability approach. In general, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred taxes are not recognised, if the temporary difference arises from goodwill or the initial recognition of assets and liabilities in a transaction (which is not a business combination) which neither affects taxable or accounting profit.

The carrying amount of a deferred tax asset should be reviewed at each balance sheet date and should be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilised.
Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred taxes are recognised either as tax income or tax expense, unless they relate to items recognised in equity; the deferred taxes are then also recognised in equity.

Share-based payment transactions

There are no share-based payments in Sanastera Group.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below:

- Impairment of goodwill
- Income taxes
- Fair value of derivatives and other financial instruments
- Revenue recognition

C. Notes to the consolidated balance sheet

Non-current assets

(1) Intangible assets and goodwill

Purchased computer software and licenses were amortised on a straight-line basis over their expected useful lives: 1 to 7 years.

Internally generated intangible assets relate to in-house developed software. These intangible assets were amortised on a straight-line basis over their expected useful lives: 5 to 15 years.

Intangible assets' movements in the year 2013 and 2012 are detailed as follows:

Amounts in € thousand	**Purchased**		**Internally generated**		**Prepayments**	**Total**
	Computer software	**Licenses**	**Software**	**Software in development**		
Gross carrying amount 31 Dec. 2011	**9.750**	**6.183**	**45.550**	**2.111**	**-**	**63.594**
Addition	675	280	-	2.186	-	3.141
Disposal (gross)	562	20	-	-	-	582
Transfer	-	-	2.062	(2.062)	-	-
Change in consolidated group	-	-	-	-	-	-
Reversal of impairment loss	-	-	-	-	-	-
Gross carrying amount 31 Dec. 2012	**9.862**	**6.443**	**47.612**	**2.235**	**-**	**66.152**
Addition	325	951	267	2.042	-	3.585
Disposal (gross)	79	-	-	-	-	79
Transfer	79	-	1.274	(1.274)	-	79
Change in consolidated group	-	-	-	-	-	-
Reversal of impairment loss	-	-	-	-	-	-
Gross carrying amount 31 Dec. 2013	**10.186**	**7.394**	**49.153**	**3.003**	**-**	**69.736**
Cumulative amortisation	8.877	6.386	39.159	-	-	54.421
Carrying amount 31 Dec. 2013	**1.310**	**1.008**	**9.994**	**3.003**	**-**	**15.315**
Current amortisation	36	962	5.287	-	-	6.285

Software, both internally generated and purchased, refers mainly to the IT logistic system needed for delivering pharmaceutical goods.

Goodwill movements in the year 2013 and 2012 are detailed as follows:

Amounts in € thousand	Goodwill
Gross carrying amount 31 Dec. 2011	**27.310**
Addition	1
Disposal (gross)	-
Transfer	-
Change in consolidated group	-
Reversal of impairment loss	-
Gross carrying amount 31 Dec. 2012	**27.311**
Addition	-
Disposal (gross)	-
Transfer	-
Change in consolidated group	-
Reversal of impairment loss	(1)
Gross carrying amount 31 Dec. 2013	**27.310**
Cumulative amortisation	26.519
Carrying amount 31 Dec. 2013	**791**
Current amortisation	16.018

The goodwill of € 791 figured as assets represents the contribution value of the veterinary activity brought to CERP Rouen SAS in July 2005; considering the level of profitability of this business, impairment test is not required.

The contribution value of the “von der Linde” group was brought to Sanacorp GmbH in 2009 for an amount of € 26.519 thousand; the goodwill has been impaired in 2012 of € 10.511 thousand to a contribution value of € 16.018 thousand; in 2013 the goodwill attributed to the “von der Linde” group has been entirely impaired due to the result of the impairment test performed at the end of the reporting year.
The goodwill was allocated on the cash generating unit which comprised the two branches in Düsseldorf and Herne. Using a discount rate of 6.13% the goodwill has to be entirely impaired. The discount rate used to be a post-tax rate, was based on weighted average cost of capital. The valuation model was based on financial budgets approved by the management board. In the detailed five-year period a sale growth of 2.0% was reflected. Beyond the five-year period a long-term growth rate of 1.25% was used.

(2) Property, plant and equipment

Property, plant and equipment mainly comprises office buildings, production plants, leasehold improvements, warehouse and production technology as well as motor vehicles, of Sanacorp subgroup in Germany, and of CERP Rouen subgroup in France and Belgium.
Finance leases regarding Sanacorp Pharmahandel subgroup have been included within “other equipment” for a carrying amount at the closing date of € 11.599 thousand.

Details of property, plant and equipment are included in the table below:

	Land, land rights and buildings	Other equipment, operating and office equipment	Prepayments and construction in progress	Total
Gross carrying amount 31 Dec. 2011	**194.615**	**203.718**	**1.330**	**399.663**
Addition	5.412	16.543	10.145	32.101
Transfer	115	1.132	(1.247)	-
Disposal	96	11.617	-	11.712
Change in consolidated group	-	-	-	-
Reversal of impairment loss	-	-	-	-
Gross carrying amount 31 Dec. 2012	**200.045**	**209.777**	**10.229**	**420.051**
Addition	5.410	19.538	2.655	27.604
Transfer	5.329	4.504	(9.912)	(79)
Disposal	393	9.607	-	9.999
Change in consolidated group	-	-	-	-
Reversal of impairment loss	-	-	-	-
Gross carrying amount 31 Dec. 2013	**210.392**	**224.213**	**2.971**	**437.577**
Cumulative depreciation	86.490	151.801	-	238.291
Carrying amount 31 Dec. 2013	**123.903**	**72.412**	**2.971**	**199.286**
Current depreciation	6.904	17.174	-	24.078

(3) Equity investments

Investments in associates are shown in the table below:

Amounts in € thousand	Equity investments
Gross carrying amount 31 Dec. 2011	**1.565**
Addition	-
Transfer	-
Disposal	-
Change in consolidated group	-
Gains/losses on fair value recognized in equity	18
Gross carrying amount 31 Dec. 2012	**1.583**
Addition	-
Transfer	-
Disposal	-
Change in consolidated group	-
Gains/losses on fair value recognized in equity	-
Gross carrying amount 31 Dec. 2013	**1.583**
Cumulative impairment loss	-
Carrying amount 31 Dec. 2013	**1.583**
Current impairment loss	-

Investments in associates and other investment can be detailed as follows:

Amounts in € thousand		**Carrying amount 31 Dec. 2013**	**Carrying amount 31 Dec. 2012**
DZ-Bank	Listed	1.521	1.521
Beteilingus-AG der bayerischen Volksbanken	Not listed	43	44
Other investments	Listed	4	2
Other investments	Not listed	15	16
Total		**1.583**	**1.583**

(4) Deferred income tax assets

The deferred tax assets totalled € 8.617 thousand and were recognised primarily for deductible temporary differences between the pension provisions, finance lease liabilities, financial instruments and the other provisions in the IFRS financial statements and their tax base. Deferred tax assets were also recognised for differences arising from the measurement of receivables and low-value assets.

Deferred tax assets were composed as follows:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Non-current assets	280	262
Current assets	1.888	1.915
Provisions for pensions and other employee benefits	9.464	8.474
Other liabilities	1.024	1.360
Finance lease liabilities	1.962	2.617
Finance instruments	1.865	3.018
Deferred tax liabilities	(7.866)	(8.751)
Total	**8.617**	**8.895**

Deferred tax assets and deferred tax liabilities regarding temporary differences related to the same taxation authority were offset at the reporting date.

(5) Other non-current assets

Other non-current assets can be detailed as follows:

Amounts in € thousand	Securities	Long term investments and other loans	Prepayments	Corporation Tax credit	Total
Gross carrying amount 31 Dec. 2011	**22.178**	**2.395**	**-**	**4.075**	**28.649**
Addition	0	1.005	-	194	1.199
Disposal	3.103	556	-	793	4.452
Change in consolidated group	-	-	-	-	-
Gains/losses on fair value recognised in equity	-	-	-	-	-
Gross carrying amount 31 Dec. 2012	**19.075**	**2.845**	**-**	**3.476**	**25.396**
Addition / Reversal	3.965	491	-	164	4.620
Disposal	6	246	-	793	1.045
Gains/losses on fair value recognised in equity	**-**	**-**	**-**	**-**	-
Gross carrying amount 31 Dec. 2013	**23.034**	**3.090**	**-**	**2.847**	**28.971**
Cumulative impairment loss	(38)	-	-	-	(38)
Carrying amount 31 Dec. 2013	**22.996**	**3.090**	**-**	**2.847**	**28.933**
Current impairment loss	-	-	-	-	-

Securities and other long term investments mainly refer to equity investments in the following companies related to pharmacies based in Belgium:

- Automnia S.p.r.l.
- Lenans S.A.
- Beeckmans Tongres S.A.

The equity investments are accounted at their fair value at the closing date, the total carrying amount at the reporting date is € 1.762 thousand.
Securities also include financial investments in long-term securities for an amount of € 21.194 thousand; these are securities meant to be held to maturity between 2016 and 2018 according to the various maturities, hence there is no part of these securities getting their maturity in 2014.

Long term loans includes long-term loans to employees for a present value of € 2.768 thousand (€2.651 thousand in 2012), the nominal value of € 3.975 thousand (€3.756 thousand in 2012) being discounted at a rate of 3.15% (3% in 2012).

Corporation tax credit relates to Sanacorp Pharmahandel GmbH and will be paid from German Tax Authorities in ten years period. The present value recognised for the refund claim from the corporation tax credit amounted to € 2.847 thousand as of 31 December 2013 (previous year: € 3.476 thousand). The interest rate is 5.0%.

Current assets

(6) Inventories

Inventories breakdown is as follows:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Raw materials and supplies	1.937	1.882
Finished goods and work in progress	513.679	530.084
Advances paid	24.067	27.881
Total	**539.683**	**559.847**

Write-downs of inventories to net realisable value which were made to take account of their low turnover rate amounted to € 1.304 thousand. A valuation allowance due to price reductions referred to Sanacorp subgroup was deducted as well as of 31 December 2013 in the amount of € 874 thousand.

(7) Trade receivables

Trade receivables are detailed as follows:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Gross amount	739.470	638.862
Allowances	(18.154)	(18.243)
Carrying amount (net)	**721.316**	**620.619**

An allowance was recognised for amounts due from the sale of goods presumed to remain not collectible. The allowance was determined on the basis of the probable collectability of an amount receivable taking into account past experience of debt default.

The trade receivables also include prolongations. Some of the payments deferred are not due within one year. These receivables are due in four years or less. Trade receivables with a residual term of more than one year total € 2.023 thousand.

Allowances for trade receivables are composed as follows:

Gross carrying amount 31 Dec. 2012	**18.243**
Change in consolidated group	-
Additions - net	3.569
Utilization	(5.011)
Other changes	1.353
End of period 31 Dec. 2013	**18.154**

Sanacorp subgroup sold no receivables as part of true sale factoring (previous year: € 70.000 thousand). Receivabels in an amount of € 20.000 thousand were sold as part of an improper factoring. The risk remained by the Company. The net liability amounted to € 19.000 thousand.

(8) Financial assets at fair value through profit or loss

The Financial assets at fair value through profit or loss are composed as follows:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Securities - fair value through P&L	49.915	61.173
Other securities - fair value through P&L	57.752	55.882
Total	**107.668**	**117.055**

The entire amount of € 107.668 thousand was composed of marketable securities owned by CERP Rouen SAS.

The difference between *Securities* and *Other securities* is based on the terms of realising these activities: *Securities* can be realised in one day, while *Other securities* can be realised in a short time period (within three months).
Other financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the cash flow statement.

(9) Other current assets

Other current assets are detailed as follows:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Prepaid expenses	2.958	2.736
Receivables from related parties	25.146	18.764
Tax receivables	5.923	2.557
Securities - held to maturity	-	4.240
Other assets	25.042	23.965
Total	**59.069**	**52.262**

Prepaid expenses refer to insurance, maintenance contracts, rent and personnel costs.

Receivables from related parties refer to Sanacorp subgroup (€ 179 thousand) and CERP Rouen subgroup (€ 24.967 thousand) financial receivables. The related parties are detailed in the Note 38.

Tax receivables refer to Sanacorp subgroup (€ 1.327 thousand) and Cerp Rouen subgroup (€ 4.573 thousand) and Sanastera SpA (€ 23 thousand).

Other assets combined receivables from suppliers and other current receivables. This item did not include any receivables with residual terms of more than one year.

(10) Cash and cash equivalents

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Cash at bank and on hand	1.414	957
Total	**1.414**	**957**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Cash at bank and on hand	1.414	957
Bank overdrafts	(252.935)	(181.158)
Total	**(251.520)**	**(180.201)**

Bank overdrafts are disclosed in the note 12.

Equity

(11) Equity

Sanastera S.p.A. has a share capital for an amount of € 282.865 thousand and a premium in the amount of € 132.518 thousand.

The total authorised number of ordinary shares is 2.828.650 with a par value of € 100 per share. All issued shares are fully paid.

Gains and losses on the fair value evaluation are recognised in Equity as follows:

- with reference to *Available for sale investments* the impact of the period on Equity at the reporting date amounts to € 1 thousand;
- with reference to *Cash flow hedge* the fair value net of deferred tax at the reporting date amounts to € (4.265) thousand and the impact of the period on Equity net of deferred tax at the reporting date amounts to € 2.900 thousand.
- with reference to *Other reserves* it include actuarial losses on pension provision and the impact of the period on Equity net of deferred tax at the reporting date amounts to € (4.291) thousand.

In the period deferred taxes were recognized on Equity in the amount of € 2.133 thousand.

The components of equity and their increase/decrease are disclosed in the statements of changes in equity and reconciliation of consolidated equity.

Non-current liabilities

(12) Borrowings and derivative financial instruments

Borrowings can be detailed as follows:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Bank borrowings	19.241	42.637
Lease liabilities	5.494	7.245
Other financial liabilities	91	141
Total Borrowings – Non current	**24.826**	**50.023**
Bank borrowings	4.320	4.254
Lease liabilities	2.736	2.397
Bank overdrafts	252.928	181.158
Other	47	55
Total Borrowings – Current	**260.031**	**187.864**
Total Borrowings	**284.857**	**237.887**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Less than 1 year	260.121	188.005
Between 1 year and 2 years	9.746	26.180
Between 2 years and 5 years	14.990	23.621
Over 5 years	-	81
Total Borrowings	**284.857**	**237.887**

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
6 months or less	207.106	82.744
6-12 months	2.470	2.988
1-5 years	16.247	38.053
Over 5 years	-	-
Total Borrowings	**225.823**	**123.785**

Sanastera Group has not interest rate changes exposure for an amount of € 59.034 thousand.

The carrying amounts of the Group's borrowings are denominated in Euro.

The table below represents the fair value of the derivative financial instruments:

Amounts in € thousand	**31 Dec. 2013**	**31 Dec. 2012**
Derivative financial instruments - non current quota	7.035	11.551
Total	**7.035**	**11.551**

The derivative financial instruments qualifying for hedge accounting (interest rate exposure) which has its counterpart in the equity amounted to € 6.583 thousand.

(13) Deferred income tax liabilities

Deferred tax liabilities were recognised for tax payable in future periods in respect of differences between IFRS accounting profit and taxable profit. The differences resulted mainly from the measurement of non-current assets.

Deferred tax liabilities developed as follows:

Amounts in € thousand	**31 Dec. 2012**	**Use**	**Reversal**	**Appropriation**	**31 Dec. 2013**
Deferred tax liabilities	690	1.085	171	1.660	1.149

Deferred tax assets and deferred tax liabilities regarding temporary differences related to the same taxation authority were offset at the reporting date.
Deferred tax liabilities refer to Cerp Rouen (€ 913 thousand) and to Sanastera (€ 236 thousand); Sanacorp deferred tax liabilities were offset with the deferred tax assets.

(14) Retirement benefit obligations

Retirement benefit obligations developed as follows:

Amounts in € thousand	**31 dic. 2013**	**31 dic. 2012**
Present value of all unfunded benefit obligations	74.809	70.505
Other defined benefit obligations	11.747	9.495
Present value of all defined benefit obligations	**86.556**	**80.000**
Unrecognised actuarial gain/loss	-	-
Unrecognised past service cost	-	-
Reinsurance policy and Present value of plan assets recognised against liability	(12.498)	(12.238)
Other recognised/unrecognised amounts	-	-
Retirement benefit obligations	**74.058**	**67.762**

The retirement benefit obligations refer to Germany for an amount of € 65.688 thousand and to France for an amount of € 8.370 thousand.

The German retirement benefit obligations include:

- a pension plan applicable to all employees,
- commitments made to provide additional benefits to individual employees,
- the benefit agreements concluded with senior employees, the benefit plan of the support fund transferred,
- collective arrangements on continued salary in the case of death and
- lump-sum benefits payable from bonuses or service periods and claims to premiums accrued for such payment.

The present value of all defined benefit obligations totalled € 86.556 thousand on December 31st, 2013. The total amount both of insurance cover (€ 9.121 thousand) and of plan assets (€ 3.377 thousand), taken out to protect benefit obligations, was deducted from pension provisions.

The reconciliation of pension provisions from the beginning to the end of the current financial year was as follows taking account of the individual expense items:

Amounts in € thousand	
Pension provision as of 31 Dec. 2012	**67.762**
Service cost	1.389
Interest cost	2.924
Pensions paid	(3.955)
Capital payments	956
Recognised actuarial net gain/loss for the year	6.282
Contributions to plan assets	(1.309)
Change in claim to refund from reinsurance policy	9
Pension provision as of 31 Dec. 2013	**74.058**

The actuarial gains and losses are recognised in other comprehensive income.

The major actuarial assumptions were:

Discount rate	3.15 % - 3.50 % p.a.
Future salary levels	2.50 % - 3.00 % p.a.
Inflation rate	2.00 % - 2.25 % p.a.
Future pension levels	after 3 years in each case
Future level of benefits accrued	2.00 % p.a.

(15) Provisions for other liabilities and charges

Non-current provisions developed as follows:

Amounts in € thousand	**31 Dec. 2012**	**Use**	**Reversal**	**Appropriation**	**Reclassification**	**31 Dec. 2013**
Other non-current provisions						
Obligations from operating activities	294	294	-	299	-	299
Obligations in relation to personnel and social security	8.463	-	70	(1.057)	-	7.336
Employee profit sharing	4.429	1.566	-	2.464	(1.524)	3.803
Other non-current liabilities	-	-	-	-	-	-
Total non-current provisions	**13.186**	**1.860**	**70**	**1.706**	**(1.524)**	**11.438**

Obligations in relation to personnel and social security refers to long service awards recognized by the German Subgroup to the employees and to pension provisions for retired employees.
Provisions for employee profit sharing, that are bonuses, were recognised in accordance with French Law and CERP Rouen SAS internal regulations.

Current liabilities

(16) Trade payables

The trade payables developed as follows:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Trade notes & accounts payable	454.517	435.998
Amounts due to related parties	1.627	8.386
Total	**456.144**	**444.384**

Amounts due to related parties are detailed in the note 38.

(17) Current income tax liabilities

The income tax liabilities are detailed as follows:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
German Current income tax liabilities	2.270	2.116
French Current income tax liabilities	8	302
Italian Current income tax liabilities	-	8
Total tax provisions	**2.278**	**2.426**

With reference to Sanacorp subgroup, a tax provision was recognised in the amount of € 2.055 thousand for perspective tax audit.

(18) Other liabilities and charges

Other liabilities and charges are detailed below:

Amounts in € thousand	31 Dec. 2013	31 Dec. 2012
Advance payments received	157.334	144.171
Amounts due to related parties	66.352	53.107
Obligations in relation to personnel and social security	37.804	41.817
Payments received on account of orders	17.518	15.629
Tax liabilities (except Income Tax)	6.341	4.720
Employee profit sharing - under 1 year	1.435	2.963
Retirement provisions - under 1 year	897	691
Loss provisions for tax reassessment - under 1 year	3.152	2.282
Deferred income	613	578
Contingencies provisions	1.314	1.416
Other current liabilities	31.518	38.618
Total	**324.279**	**305.992**

Advance payments received are composed mainly by cash deposits of Astera SA shareholders (pharmacists clients of CERP Rouen SAS), interest bearing at the interest rate of 2% as last year.

Amounts due to related parties consist of Sanacorp subgroup cash pooling (€ 28.420 thousand), CERP Rouen subgroup liabilities (€ 36.878 thousand) and Sanastera liabilities (€ 1.054 thousand). Sanastera liabilities relate to interests accrued on the current accounts with parent companies, for an amount of € 694 thousand, and to other liabilities for an amount of € 360 thousand.

Related parties disclosure is detailed in the note 38.

D. Notes to the Consolidated statement of comprehensive income

(19) Sales revenue

Revenue of the consolidated companies was mainly generated from the sales of drugs to German, French and Belgium pharmacies during the fiscal period 2013. Commercial rebates and discounts granted to customers are included at this level.

Revenue was recognised at fair value, when risks and rewards of ownership were transferred to the buyer, when the amount of revenue was measured reliably and when payment appeared probable.

(20) Other operating income

Other operating income included income from services, advertising cost allowances, cost refund, disposals of other non-current assets and income from the reversal of redundant provisions and valuation allowances. The major items of other operating income were as follows:

Amounts in € thousand	**2013**	**2012**
Revenue from advice to pharmacies, workshops and fees	9.265	10.091
Sales services	17.715	16.356
Revenue from sale of data/clearing unit	2.608	2.588
Advertising cost allowances	4.975	4.820
Refund of transport and fuel costs	2.754	2.677
Reversal of provisions and valuation allowances	5.788	895
Commissions from affiliated companies	7.013	6.659
Commissions from laboratories	24.019	21.572
Other income	9.439	7.745
Total	**83.576**	**73.403**

Other operating income was recognised at fair value. The amount of income could be reliably measured. The inflow, if not received, was probable.

Services fees related to Sanacorp Subgroup for an amount of € 11.472 thousand have been included in Sales revenues.

(21) Cost of raw materials, supplies and merchandise

Cost of raw materials, supplies and merchandise includes also commercial rebates and discounts granted by laboratories (€ 10.336 thousand) and specific French Social Security Tax for € 42.816 thousand (€ 45.280 thousand for the previous year).

(22) Personnel expenses

Personnel expenses consist of wages and salaries costs (employee profit-sharing plan included), costs of social security, retirement benefits and other benefits. Their break-down can be seen in the income statement.

(23) Other operating expenses

Other operating expenses included in particular costs of sub-contracted personnel, sub-contracted forwarding agents, rent, advertising, energy, maintenance as well as office and administration cost.

The major items of other operating expenses were as follows:

Amounts in € thousand	2013	2012
Shipping and freight	55.736	54.468
Cost of land and office space	16.297	16.776
IT, data transfer	9.330	9.118
Subcontracted labour, training fees	14.421	14.362
Allocation of allowances and impairment loss of receivables	3.340	3.915
Advertising cost, advice to pharmacies	8.976	8.714
Other non-personnel expenses	1.621	4.024
Non inventory supply	8.497	8.310
Taxes on wages and other taxes	10.159	10.245
Maintenance and repairs	5.676	4.931
Rental	2.698	2.741
Insurance premiums	1.908	1.833
Other expenses	8.875	8.626
Total	**147.536**	**148.064**

Other operating expenses were recognised at fair value. The amount of expenses could be measured reliably and the payment, if not yet made, could be reasonably assured.

(24) Amortisation and depreciation

Amortisation and depreciation developed as follows:

Amounts in € thousand	2013	2012
Intangible assets	22.304	17.704
Tangible assets	24.078	22.181
Other provisions	1.879	701
Total	**48.261**	**40.586**

Other provisions include the best evaluation at date of closing of the liability related to the on-going tax audit occuring to the French Subsidiary CERP Rouen Sas.

(25) Income from equity investments and Finance income and costs

This item included primarily interest income from customer relationships and interest expenses relating to the financing of the business operation. In addition the item included dividends received from other long-term investees and investors.

Interest income was recognised pro rata temporis taking into account the effective rate of return. Dividends were recognised as soon as the legal claim to payment arose.

(26) Income tax expense

Income taxes included German, French, Belgian and Italian taxes. This was the result of the fact, that all incomes were generated in these countries.

The difference between income tax expense expected and recognised was accounted for by the following facts:

Amounts in € thousand	**2013**
Profit before tax	22.741
Income tax expense expected	4.725
Tax increase due to non-deductible expenses	(387)
Tax-exempt asset increases	(47)
Addition/reduction trade tax	376
Differences of impairment loss	14.581
Different rates for deferred taxes	(46)
Additional tax payments for previous years	(159)
Other differences	(5.242)
Income tax expense recognised	**13.800**
Effective tax rate	**60,69%**
Profit from ordinary activities	**22.741**
Income tax	**13.800**
Net profit for the year	**8.941**

The Other differences are mainly related to the tax-exempt dividends distributed to Sanastera from its subsidiaries. The rate of tax-exemption of these dividends is 95%.

Deferred taxes were based on the application of current tax rates or tax rates already fixed for the assessment period and are presented as follows:

Amounts in € thousand	**2013**	**2012**
Deferred tax income	1.495	2.081
Deferred tax expense	(3.084)	(4.793)
Balance	**(1.589)**	**(2.712)**

(27) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Amounts in € thousand	**2013**	**2012**
Profit attributable to equity holders of the company	8.942	30.564
Weighted average number of ordinary shares in issue	2.829	2.829
Basic earnings per share	**3,161**	**10,805**

Diluted earnings per share has the same calculation of basic earning per share.

E. Segment reporting

Segment information has not been disclosed as IAS 14 must be mandatorily applied only by enterprises whose debt or equity securities are publicly traded and those in the process of issuing such securities in public securities markets, and Sanastera S.p.A. is not included in this case.

F. Notes to the cash flow statement

(28) Cash flows from operating activities

The cash flow statement was prepared in accordance with the indirect method and starts with the operating profit.

(29) Cash flows from investing activities

Net cash from investing activities comprises all investments and sales made in the reporting period.

(30) Net cash used in financing activities

Net cash used in financing activities in the reporting year was defined by the dividend, which was credited to the parent companies intercompany accounts and by the increase in current financial liabilities.

(31) Cash and cash equivalents at end of period

Cash and cash equivalents comprised cash and bank balances at each balance sheet date.

G. Other notes to the annual financial statements

(32) Financial instruments

a) Carrying amounts and fair values of financial instruments

The following table sets out the carrying amounts and fair values of the Group's financial instruments. Fair value is the amount for which the rights and/or obligations from such financial instrument would be exchanged between two parties in an arm's length transaction. Given the variety of factors the fair values shown are an indicator of the values actually realisable on the market.

Amounts in € thousand	**Carrying amount 31 Dec. 2013**	**Fair value 31 Dec. 2013**	**Carrying amount 31 Dec. 2012**	**Fair value 31 Dec. 2012**
Trade receivables	721.316	721.315	620.619	620.619
Cash and cash equivalents	1.414	1.414	957	957
Other financial assets:				
- Assets available for sale	51.482	51.482	62.740	62.740
- Assets at fair value through profit and loss	57.752	57.752	55.882	55.882
- Assets held to maturity	21.194	21.194	21.485	21.485
- Derivative financial instruments qualifying for hedge accounting	-	-	-	-
- Other receivables and assets	38.729	37.523	32.866	31.760
Total financial assets	**891.887**	**890.680**	**794.548**	**793.443**
Financial liabilities	284.766	284.788	237.746	237.891
Other liabilities	5.703	5.238	7.935	7.392
Trade payables	456.143	456.192	444.383	444.383
Miscellaneous financial liabilities:				
- Financial liabilities recognised at fair value through profit or loss	91	91	141	141
- Derivative financial instruments qualifying for hedge accounting	7.035	7.035	11.551	11.551
- Other miscellaneous financial liabilities	268.817	268.810	237.255	237.255
Total financial liabilities	**1.022.555**	**1.022.154**	**939.010**	**938.612**

The fair values of the financial instruments were determined on the basis of the market information available on the balance sheet date and the following methods and assumptions:

Trade receivables and cash and cash equivalents

Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Other financial assets

Available-for-sale financial assets include:

- Equity shares measured at fair value. The equity shares recognised at fair value were measured on the basis of the quoted market price available on 31 December.
- Equity shares measured at cost. No fair value was determined for equity shares measured at cost, as there was no active market that could have established price quotations or market prices. These are shares in enterprises not listed on a stock exchange, which, as there are no reliably determinable cash flows, were not measured by discounting expected future cash flows. In these cases, the fair values were assumed to equal the carrying amounts.
- Liability components. Most of the liability components were measured at the market prices quoted as of 31 December. Some of the fair values of these components were established by using valuation techniques which are based on market data; the fair value of a small part of the liability components was established by using valuation techniques which were not based on market data.

Assets at fair value through profit and loss:
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Assets held to maturity:
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturity less than 12 months from the balance sheet date, which are classified as current assets.

Derivative financial instruments qualifying for hedge accounting:
Derivative contracts to hedge interest rate exposure. The fair values of the interest rate hedging instruments (e.g. interest rate swaps) were determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining period to maturity of the financial instruments.

Other receivables and assets include:
Current other receivables and short-term borrowing. These financial instruments are recognised at cost. Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Financial liabilities.
The fair values of long-term loans are determined as the present values of estimated future cash flows. Interest rates customary in the market are used for discounting in relation to the respective maturity. Given their short maturity, the carrying amounts of current financial liabilities are assumed to be a reasonable approximation of fair value.

Other liabilities
The fair values of other liabilities are determined as the present values of estimated future cash flows.

Trade payables.
Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Miscellaneous financial liabilities.
The financial liabilities at fair value through profit or loss include non-current obligations. The non-current liabilities are generally recognised at their present value in the balance sheet; it is assumed, the present values are assumed to equal the fair values of these financial instruments.

Derivative financial instruments qualifying for hedge accounting.
Derivative contracts to hedge interest rate exposure. The fair values of the interest rate hedging instruments (e.g. interest rate swaps) were determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining period to maturity of the financial instruments.

Other miscellaneous financial liabilities. Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

b) Net gains or losses

The following table presents the net gains or losses on financial instruments recognised in the income statement (less derivative financial instruments which qualify for hedge accounting):

Amounts in € thousand	**2013**	**2012**
Financial assets and liabilities recognised at fair value through profit or loss	-	-
Available-for-sale financial assets	7	-
Loans and receivables	978	(1.190)
Financial liabilities measured at cost	(78)	(337)

The net gains or losses on the financial assets and liabilities recognised at fair value through profit or loss include interest expenses and income for these financial instruments along with the gains or losses on fair value changes.

Net gains or losses on available-for-sale financial assets include among other items income from equity investments and gains recognised on the disposal of these shares.

Net gains or losses on loans and receivables mainly include the amounts resulting from impairment losses and reversals.

c) Total interest income and expense

Total interest income and expense for financial assets or financial liabilities that are not measured at fair value through profit or loss, are as follows:

Amounts in € thousand	**2013**	**2012**
Total interest income	5.744	7.173
Total interest expense	(9.460)	(9.656)

d) Disclosures on derivative financial instruments, use of derivatives

The Group designates cash flow hedges to secure interest rate risks. Changes in the fair value of these derivative financial instruments designated as effective cash flow hedges were recognised in equity.

The following derivatives were used to hedge the interest rate exposure:

Amounts in € thousand	up to 1 year		1 to 5 years		more than 5 years		Average
Derivatives:	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	interest rate
Interest-rate swaps (nominal value)	25.100	18.100	119.475	144.575	0	0	2,85%
Interest-rate caps	0	0	0	0	0	0	0,00%

The market price of all the derivatives held totalled net incomes for € 4.516 thousand on the balance sheet date. That incomes have been recognized:

- in Equity for an amount of € 4.159 thousand;
- in the Income Statements for an amount of € 357 thousand.

Interest rates will be fixed every six months over the entire term of the contracts. The Company receives a variable return at the respective 6-month EURIBOR and pays the fixed interest rate agreed. Thus, the respective volume corresponded in substance to a fixed-term loan. In addition, there are fixed-rate loans and variable interest income which further reduce the interest rate exposure.

(33) Risk management

The Group risk policy in the use of financial instruments is to be regarded as very conservative. All derivative financial instruments are used solely for hedging an underlying transaction and are held to maturity. Risks on financial instruments arise from interest rate changes, defaults (credit risk) and a lack of liquidity. Management has established an appropriate risk management system to deal with each of these risks.

Given its activities the Group was exposed to financial risks arising from changes in interest rates. Interest rate exposure is mainly to be seen in connection with current and non current liabilities to banks. All of these loans were granted on a variable basis plus a margin.

The Group is not exposed to currency risks, since the purchases and sales of goods are almost all transacted in Euro.

The pharmaceutical wholesale market is heavily regulated by law. Hence, there is no commodity risk in its narrow sense. The purchase prices for prescription drugs are regulated. Selling prices are defined by a profit/price margin less discounts granted. An active accounts receivable management prevents Sanastera from major default risks. The default risk depends mainly on the regulatory measures introduced by the government. There is no concentration of major default risks.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating are accepted. Customers are not independently rated and risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. However, credit risk of primary financial instruments is limited to their carrying amount which does not significantly differ from the carrying amount.

There is no liquidity risk at present. The Group has available short-term credit lines to a sufficient extent to run its business. The market price risk of all financial instruments is regularly monitored.

(34) Contingent liabilities and other financial obligations

There were the following financial obligations not disclosed in the balance sheet:

Amounts in € thousand	**2013**	**2012**
As a counterpart to financial liabilities in form of:		
- Mortgage	6.025	14.343
- Guarantee	149	149
As a counterpart to authorised overdraft credit:		
- Letter of intent	30.829	30.829
- Other bank guarantee	-	-
- Rental agreements	9.518	10.007
- Leases	-	-
Total	**46.521**	**55.328**

(35) Members of the Supervisory Board

Name	Residence
SCHNEIDER MATTHIAS - Chairman	Finnigen - Germany
BERTHEUIL ALAIN PIERRE JAQUES - Vice Chairman	Franqueville Saint Pierr - France
BOUILLON CHRISTIAN ALAIN JEAN-LUC - Member	Saint Lo - France
ROUDIERES CORINNE HUGUETTE - Member	Salses Chateau - France
BARTETZKO NORBERT CASPAR EBERHARD - Member	Berlin - Germany
IVEN HOLGER KARL WALTER - Member	Lubeck - Germany
FIORITTI ALBERTO - Member	Bologna - Italy

(36) Members of Board of Directors

Name	Residence
BRONCHAIN OLIVIER CHRISTIAN - Chairman	Rouen - France
LANG HERBERT - Vice Chairman	Germering - Germany
EDELMANN KLAUS - Director	Stadtteil Hechestheim - Germany
ROUDERGUES ALAIN EMILE JEAN – Director	Mont-Saint-Aignan - France

(37) Remuneration of the Board of Directors and the Supervisory Board

For 2013 were resolved emoluments only for the Supervisory Board, for an amount of € 45 thousand for fixed annual indemnity plus a meeting participation indemnity of € 300 per day. The total cost for the period amounts to € 67 thousand.

(38) Related party disclosures

Transactions between the Company and its subsidiaries, which are to be considered related parties, were eliminated upon consolidation and will not be discussed in this paragraph.
The following companies are classified as related parties as of 31 December 2013:

German side:

Firm Name	Domicile
Sanacorp eG Pharmazeutische Großhandlung	Planegg, Germany
Sanacorp Grundstücksverwaltung GmbH	Planegg, Germany
Sanacorp Pharmaholding AG	Planegg, Germany

French side:

Firm Name	Domicile
Astera S.A.	France, Rouen
Eurodep S.A.S.	France, Rouen
Eurodep Exploitant S.A.S.	France, Rouen
Premiere Ligne S.A.S.	France, Reims
Eurolease S.A.S.	France, Rouen
Centrale des Pharmaciens S.A.S.	France, Rouen
Pharmaciens Associés S.A.	France, Rouen
Sophese S.A.	France, Rouen
Isipharm S.A.	France, Rouen
Oxypharm S.A.	France, Rouen
Vitaléa Médical (ex-Hado S.A.S.)	France, Redon
CERP France	France, Paris
SIPAM (ex-CERP Martinique)	Martinique, Le Lamentin
Automnia S.p.r.l.	Belgium, Bruxelles
Lenans S.A.	Belgium, Saint Symphorien
Beeckmans Tongres S.A.	Belgium, Bruxelles

Italian side:

Firm Name	Domicile
Sociedad Europea de Cooperacion Farmaceutica SA	Seville, Spain

Related parties are the members of key management, supervisory bodies and members of their family of all related entities and/or the companies included in the subgroup financial statements.

The amounts of related party transactions are disclosed in the following table:

Amounts in € thousand	2013	2012
Revenue		
- Turnover sale	10.154	10.528
- Other operating income	9.265	8.839
- Maintenance income	-	-
- Management service income	117	117
- Interest income	256	202
Total revenue	**19.792**	**19.685**
Purchase		
- Goods	41.960	50.795
- Rent	4.029	4.230
- Sublease	4.148	4.526
- Other services	2.711	2.003
- Interest expense	556	634
Total purchase	**53.403**	**62.189**

Amounts in € thousand	2013	2012
Assets		
Trade receivables	466	533
Financial receivables	25.168	18.740
Total assets	**25.634**	**19.273**
Liabilities		
Trade liabilities	1.628	8.634
Financial liabilities	66.359	53.121
Total liabilities	**67.986**	**61.755**

The receivables from corporate board members do not contain any information on interest rates or other material conditions, because the amounts due related to the procurement of goods.

(39) Full-time employees

	2013		2012	
	Reporting date	Average	Reporting date	Average
Office-based staff	1.773	1798	1.794	1.833
Blue-collar staff	2.466	2524	2.519	2.534
Apprentices	64	65	71	66
Pre pensioned	9	10	12	13
Total	**4.312**	**4.396**	**4.395**	**4.446**

Part-time employment was recomputed as full-time-employment.

With reference to the information regarding the performance of the Group, including its forecasted development, as well as the significant events occurring after the reporting date are disclosed in Management Report.

Bologna, April, 8th 2014

On behalf of the Board of Directors
The Chairman

(Olivier Christian Bronchain)

On behalf of the Board of Directors
The Vice Chairman

(Herbert Lang)

Sanastera S.p.A.

Domiciled in Bologna, Piazza Galvani, 3
Share Capital Euro 282.865.000
Commercial Register number and Fiscal Code 02755811201
Bologna Business Register no. 464697

Management Report

on the

Consolidated Financial Statements as at December, 31st 2013

Shareholders and Members of Supervisory Board,

The Consolidated Financial Statements as at December 31st, 2013 presented for your examination and approval by the Board of Directors, report a Net Profit amounting to € 8.941 thousand, after taxes of € 13.800 thousand.
The result of the period 2013, that is lower than the result reported in the previous year (€ 30.563 thousand), was adversely affected by, among other things, the depreciation of the contribution value of the "von der Linde" group acquired by Sanacorp Pharmahandel Gmbh in 2009; the write-down (Euro 16.018 million) brought the goodwill amount allocated to the "von der Linde" group to zero.

This Management Report has been prepared covering financial information on Sanastera S.p.A. Consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial data

The following table shows the Consolidated Income Statements key figures:

Amounts in € thousand	**2013**	**2012**
Revenues	7.552.274	7.420.606
Gross Profit	439.783	468.146
Gross Operating Margin	73.765	97.612
Operating Profit	25.504	57.026
Profit for the year	**8.941**	**30.563**

Amounts in € thousand	**2013**	**2012**
Equity holders of the company	8.942	30.564
Minority interest	(1)	(1)
Profit for the year	**8.941**	**30.563**

The following table shows the Consolidated Balance Sheet key figures:

Amounts in € thousand	**December, 31st 2013**	**December, 31st 2012**	**Change**	**Change %**
Non-current assets	254.525	267.424	(12.899)	-5%
Current assets	1.429.150	1.350.740	78.410	6%
Total assets	**1.683.675**	**1.618.164**	**65.511**	**4%**

Equity	522.437	534.286	(11.849)	-2%
Non-current liabilities	118.506	143.212	(24.706)	-17%
Current liabilities	1.042.732	940.666	102.066	11%
Total equity and liabilities	**1.683.675**	**1.618.164**	**65.511**	**4%**

The following table shows the breakdown of Equity:

Amounts in € thousand	**December, 31st 2013**	**December, 31st 2012**	**Change**	**Change %**
Share capital	282.865	282.865	-	0%
Share premium	132.518	132.518	-	0%
Legal reserve	56.573	56.573	-	0%
Other reserves	45.313	38.440	6.873	18%
Available for sale investments	496	495	1	0%
Cash flow hedge	(4.265)	(7.165)	2.900	-40%
Profit for the period	8.942	30.564	(21.622)	-71%
Group's Equity	**522.442**	**534.290**	**(11.848)**	**-2%**
Minority reserve	(4)	(3)	(1)	33%
Minority Profit for the period	(1)	(1)	-	0%
Total Equity	**522.437**	**534.286**	**(11.849)**	**-2%**

The following table sets out the carrying amounts and fair values of the Group's financial instruments.

Amounts in € thousand	**Carrying amount 31 Dec. 2013**	**Fair value 31 Dec. 2013**	**Carrying amount 31 Dec. 2012**	**Fair value 31 Dec. 2012**
Trade receivables	721.316	721.315	620.619	620.619
Cash and cash equivalents	1.414	1.414	957	957
Other financial assets:				
- Assets available for sale	51.482	51.482	62.740	62.740
- Assets at fair value through profit and loss	57.752	57.752	55.882	55.882
- Assets held to maturity	21.194	21.194	21.485	21.485
- Derivative financial instruments qualifying for hedge accounting	-	-	-	-
- Other receivables and assets	38.729	37.523	32.866	31.760
Total financial assets	**891.887**	**890.680**	**794.548**	**793.443**
Financial liabilities	284.766	284.788	237.746	237.891
Other liabilities	5.703	5.238	7.935	7.392
Trade payables	456.143	456.192	444.383	444.383
Miscellaneous financial liabilities:				
- Financial liabilities recognised at fair value through profit or loss	91	91	141	141
- Derivative financial instruments qualifying for hedge accounting	7.035	7.035	11.551	11.551
- Other miscellaneous financial liabilities	268.817	268.810	237.255	237.255
Total financial liabilities	**1.022.555**	**1.022.154**	**939.010**	**938.612**

Relations with related parties

The following companies are identified as related parties of Sanastera Group as of December 31, 2013:

German side:

Firm Name	Domicile
Sanacorp eG Pharmazeutische Großhandlung	Planegg, Germany
Sanacorp Grundstücksverwaltung GmbH	Planegg, Germany
Sanacorp Pharmaholding AG	Planegg, Germany

French side:

Firm Name	Domicile
Astera S.A.	France, Rouen
Eurodep S.A.S.	France, Rouen
Eurodep Exploitant S.A.S.	France, Rouen
Premiere Ligne S.A.S.	France, Reims
Eurolease S.A.S.	France, Rouen
Centrale des Pharmaciens S.A.S.	France, Rouen
Pharmaciens Associés S.A.	France, Rouen
Sophese S.A.	France, Rouen
Isipharm S.A.	France, Rouen
Oxypharm S.A.	France, Rouen
Vitaléa Médical (ex-Hado S.A.S.)	France, Redon
CERP France	France, Paris
SIPAM (ex-CERP Martinique)	Martinique, Le Lamentin
Automnia S.p.r.l.	Belgium, Bruxelles
Lenans S.A.	Belgium, Saint Symphorien
Beeckmans Tongres S.A.	Belgium, Bruxelles

Italian side:

Firm Name	Domicile
Sociedad Europea de Cooperacion Farmaceutica SA	Seville, Spain

With reference to the information required about transactions with related parties for the period ended at December, 31st 2013, occurred on an arm length's basis, see tables below:

- **Balance Sheet data**

Amounts in € thousand	**2013**	**2012**
Assets		
Trade receivables	466	533
Financial receivables	25.168	18.740
Total assets	**25.634**	**19.273**
Liabilities		
Trade liabilities	1.628	8.634
Financial liabilities	66.359	53.121
Total liabilities	**67.986**	**61.755**

- **Profit and Loss data**

Amounts in € thousand	2013	2012
Revenue		
- Turnover sale	10.154	10.528
- Other operating income	9.265	8.839
- Maintenance income	-	-
- Management service income	117	117
- Interest income	256	202
Total revenue	**19.792**	**19.685**
Purchase		
- Goods	41.960	50.795
- Rent	4.029	4.230
- Sublease	4.148	4.526
- Other services	2.711	2.003
- Interest expense	556	634
Total purchase	**53.403**	**62.189**

Financial indicators

Pursuant to art. 2428 of the Italian Civil Code, the following tables contain the main financial indicators:

Riclassified Balance sheet:

ASSETS		LIABILITIES	
Operating working capital	1.545.491	Equity	522.442
Extra-operating capital	138.184	Financial liabilities	291.887
	-	Operating liabilities	869.346
Total assets	**1.683.675**	**Total liabilities and equity**	**1.683.675**

Riclassified Income statement:

Sales	7.468.698
Operating production value	7.468.698
Production costs	7.112.491
Gross profit	356.207
Personnel expenses	218.482
Gross Operating Margin	137.725
Amortization and depreciation	48.261
Operating Profit	89.464
Other operating income/charge result	- 63.960
Financial incomes	5.928
EBIT	31.432
Financial expenses	8.691
Profit before income tax	22.741
Income tax	13.800
Minority interest	- 1
Net profit	**8.942**

Non-current asset financing margins and ratios		
Primary structure margin	*Equity - Non-current asset*	€ 276.534
Primary structure ratio	*Equity / Non-current asset*	212%
Secondary structure margin	*(Equity + Non-current financial liabilities) - Non-current asset*	€ 395.035
Secondary structure ratio	*(Equity + Non-current financial liabilities) / Non-current asset*	261%

Financial structure ratios		
Global liabilities ratio	*(Non-current liabilities + Current liabilities) / Equity*	222,27%
Financial liabilities ratio	*Fiancial liabilities / Equity*	55,87%

Profitability ratios		
Net Return on Equity	*Profit for the year / Equity*	1,71%
Gross Return on Equity	*Profit befor taxes on income / Equity*	4,35%
Return on investment	*Gross profit / Net working capital*	13,23%
Return on sales	*Gross profit / Sales*	1,20%

Liquidity indicators		
Current margin	*Current asset - Current liabilities*	€ 395.035
Current ratio	*Current asset / Current liabilities*	138%
Treasury margin	*(Cash and cash equivalent + receivables) - Current liabilities*	-€ 144.648
Treasury ratio	*(Cash and cash equivalent + receivables) / Current liabilities*	86%

Risk report

The risks can be classified into the following risk categories:

Environmental and market risk

Intervention in the health system by respective governments is the main risk in the pharmaceutical market. Among other things, historical and future financing of welfare systems is important in this context, as are changes in health care costs. Basically one has to assume that an economic slowdown will lead to a rise in unemployment and the associated burden on social security systems. The Company does not assume that the fundamental reorganisation of the financing of health services in Germany, which is once again under discussion, will take place during the current legislative period. At the same time, further short-term cost measures by the legislator remain a possibility. Like the AMNOG or new regulations passed by the French government, these can have an adverse direct or indirect effect on pharmaceutical wholesalers in the respective markets.
Depending on the nature and extent of the intervention, wholesalers may be forced to fundamentally change their existing pricing models and the range of services they offer. As a result, it is conceivable that customers will move and that there will be corresponding changes in the respective market shares.
In spite of the fact that third-party ownership is currently prohibited in law, one has to assume that interested market participants will continue to lobby for a change in the existing regulations in the mid to long term. As companies which are closely affiliated to pharmacists, neither Sanacorp Pharmahandel GmbH in Germany, nor the companies of CERP SAS in France and Belgium will participate in these efforts. By consistently developing and expanding existing models for collaboration between independent pharmacies, the companies are however now already preparing themselves and their customers so that they can continue to operate successfully in the market even if trading conditions change.
Apart from changes in the legal framework, future developments concerning the level of competition in the German market have the most impact on profitability. The latter forces wholesalers to grant discounts that are at times barely justifiable operationally and as a consequence leads to a notable

deterioration in gross profit. As the branch network continued to become denser and existing locations were expanded, the level of competition in the German and French markets increased – not only in the affected regions.
As far as pharmacies are concerned, the current changes in the legal framework result in a deterioration of gross profit. The operating companies counteract this risk through active management of accounts receivable.

Financial and capital market risks

Financial and capital market risks arise for the operating companies primarily from the volume of business to be financed by the money and capital market. Among others, these involve liquidity and interest rate risks, as well as risks of non-compliance with agreed financial performance indicators in connection with borrowing.
To limit liquidity risks, the companies use various instruments such as cash pooling or factoring. The regular monitoring of credit lines and the long-term cooperation with a large number of banks also help to counteract the liquidity risk.
It should be noted that current liquidity of the operating companies in Germany, France and Belgium should be regarded as extremely solid.
To hedge against interest rate risk, the operating companies also use derivatives, which are monitored and measured over time. In addition, acquisitions of equity investments and land and buildings are generally financed over longer time periods. With long periods of credit and large deposits, as is customary in the French market, the financial and capital market risk can be reduced considerably.
Any liquidity surpluses are placed in secure investments with the appropriate principal banks. Only banks with a first-class credit rating are considered for this purpose.

Operating risk

Especially in the area of accounts receivable, the operating companies can be exposed to risks from customer liquidity problems or from a deterioration in their creditworthiness. Through continuous and timely management of accounts receivable it is possible to react to any impending customer payment difficulties without delay. There are also guidelines on the deferral of the delivery of goods to public pharmacies and on the deferral of large sales. There is a positive correlation between debtor risk and the risk of higher interest rates.
Potential operating risks also arise from medicine inventories. Fire or other damage may interrupt a branch's operations for longer periods of time. Constant inspections by the Company's internal security management and by public authorities, the use of modern fire alarm systems and inventory insurance cover serve to counteract this risk. Furthermore, constant readiness to deliver to customers is ensured by the branch network. If one branch fails, deliveries can therefore be assumed by other branches.

Risk of research and development

In order to make technological improvements to operating procedures, existing software systems are modified or replaced. Implementation in a live environment can lead to a partial or full systems failure, resulting in loss of sales and profit. To reduce this risk, systems are tested extensively before implementation and are not introduced simultaneously into several branches. Introduction of systems is followed by regular maintenance and adaptations to new circumstances. Furthermore, the existing branch network secures a timely supply from the second nearest location to any customers that may be affected.

Legal risk

On a case-by-case basis, risks could arise for both Sanastera S.p.A. and the operating companies from changes in company or tax law. This risk however is minimised at the individual company level through the use of internal analysis and ongoing contact with external legal and tax advisers.

Risks arising from financial instruments

Due to their activities, the operating companies are primarily exposed to financial risks arising from changes in interest rates. These risks arise directly from liabilities with variable interest rates including credit raised through factoring.

To hedge against interest rate risk, the Company also uses derivatives, which are monitored and measured over time. Acquisitions of equity investments and land and buildings are generally financed over longer time periods.
Risks from financial instruments arise from changes in interest rates, defaults and a lack of liquidity. The management of each company has established an appropriate risk management system for each of these risks.
At 31 December 2013, the amount of borrowing by the operating companies that had been hedged through interest rate swaps amounted to €144,575 thousand.
As a result of active management of accounts receivable, the operating companies are not exposed to material default risk from trade receivables. The default risk in this area is above all dependant on the interventions by the legislator and their impact on the profitability of pharmacies. There is no concentration of material default risks.
There is no exposure to foreign currency risks, since the pharmaceutical wholesale companies almost exclusively purchase and sell goods in euros. Since the purchase prices for prescription-only medicines are regulated by law, there is no commodity risk in the narrow sense.
Neither Sanacorp Pharmaholding AG nor the operating companies are subject to any liquidity risks. They have sufficient short-term and long-term credit available.

Report on post-balance sheet events

There were no significant post-balance sheet events that would have materially affected the financial position, cash flows and profit or loss.

Report on expected developments

It can be assumed that the operating companies will pay dividends to Sanastera S.p.A for financial year 2014 at the previous year's level.

We thank you for your confidence in us and invite you to approve the Consolidated financial statements as presented.

Bologna, April, 8th 2014

On behalf of the Board of Directors The Chairman	On behalf of the Board of Directors The Vice Chairman
(Olivier Christian Bronchain)	(Herbert Lang)